Evolving Artificial Intelligence in E-Marketing: A Qualitative Study from the Consumer Experience Perspective

Toka Farouk Mohamed Ahmed Moussa
Assistant Lecturer
Faculty of Commerce – Suez Canal University

Under Supervision of

Prof. Dr. Wael Abd El-Razk Kortam
Professor of Marketing and Director of Advanced Marketing Research Centre (AMRC)
The British University in Egypt

Dr. Reem Refai Ahmed Mahmoud
Assistant Professor of Business Administration
Faculty of Commerce - Suez Canal University

Abstract

This article explores how artificial intelligence (AI) is transforming customer experience in the domain of e-marketing. With a focus on service quality, personalization, and perceived convenience, the paper synthesizes contemporary literature and real-world applications of AI in digital retail environments. This qualitative study investigates how AI reshapes the dynamics of customer-brand interactions, excluding discussions on privacy concerns and trust. Drawing upon scholarly and industry sources, the article presents a conceptual overview and thematic analysis

to highlight the impact of AI technologies on consumer engagement, satisfaction, and loyalty.

Keywords: artificial intelligence, e-marketing, customer experience, service quality, personalization, perceived convenience

1. Introduction

The digital marketplace has undergone rapid transformation due to artificial intelligence (AI), redefining how brands interact with consumers. AI has shifted the focus of marketing from mass communication to individualized engagement, offering tools that anticipate customer needs, recommend personalized products, and enhance service delivery. Companies now deploy AI across touchpoints—chatbots, recommendation systems, virtual try-ons, and AR interfaces—to deliver rich, responsive, and meaningful customer experiences.

The digital revolution has fundamentally altered how businesses interact with customers, with e-marketing becoming a cornerstone of modern retail strategies. Among the myriad technological advancements, AI stands out for its ability to analyze vast datasets, predict consumer behavior, and deliver tailored experiences. This study delves into the contemporary applications of AI in e-marketing, shedding light on its transformative potential and the challenges it poses. By

synthesizing existing literature and industry trends, the research aims to provide a comprehensive understanding of AI's role in shaping the future of e-marketing.

This article provides a qualitative exploration of the current state of AI in e-marketing, focusing on its capacity to enhance customer experience. Unlike quantitative models that emphasize statistical relationships, this review emphasizes interpretative insights drawn from thematic literature and industry practice, addressing the elements of personalization, convenience, and AI-enabled service quality.

2. Theoretical Background

2.1 Customer Experience in Digital Environments

Customer experience (CX) is a holistic concept comprising emotional, cognitive, sensory, and social interactions a customer has with a brand. It includes pre-purchase information search, point-of-sale transactions, and post-purchase engagement. In the digital sphere, customer experience depends heavily on interface design, responsiveness, interactivity, and the level of personalization a system can offer (Ladhari et al., 2017).

2.2 Role of AI in Marketing

The adoption of AI in e-marketing is accelerating, with global spending projected to reach $85.07 billion by 2032. Retailers are

increasingly investing in AI to stay competitive, with 64% planning to expand their AI capabilities in the next 18 months. The beauty and fashion sectors, in particular, have seen significant growth, with AI-driven solutions like color-matching and virtual stylists enhancing customer experiences. These trends underscore AI's potential to drive innovation and profitability in e-marketing.

AI in marketing encompasses machine learning, natural language processing, computer vision, and intelligent automation. These tools enable brands to extract insights from consumer data, predict preferences, and offer tailored marketing messages (Kotler et al., 2021). AI does not merely replace human input but augments customer interaction through fast, scalable, and context-aware systems.

AI has redefined e-marketing by enabling businesses to automate processes, enhance customer interactions, and drive sales. Key applications include:

Personalized Recommendations: AI algorithms analyze customer preferences and browsing history to suggest products, increasing conversion rates by up to 26%. Virtual Try-Ons: Augmented reality (AR) tools allow customers to visualize products like makeup or clothing, improving engagement and reducing return rates. Chatbots: Automated customer service

systems provide instant responses, resolving queries 44% faster and improving satisfaction.

2.3- Conceptualizing AI-Enabled Experience

The concept of AI-enabled customer experience refers to technology-mediated interactions that are adaptive, efficient, and engaging. AI tailors offerings based on behavioral cues, reduces effort for customers, and enhances emotional satisfaction (Becker & Jaakkola, 2020). Core elements include perceived convenience, personalization, and the quality of service experienced during AI-facilitated interactions.

2.4- Evolution of Artificial Intelligence in Enhancing Customer Experience

Customer experience (CX) has become a central topic in marketing and retail research, evolving to encompass various aspects of consumer interactions throughout the customer journey (Becker and Jaakkola, 2020). With technological advancements, recent studies have increasingly focused on the role of smart objects and human-robot interactions in shaping customer experiences.

CX is recognized as a fundamental factor in enterprise competitiveness and plays a critical role in driving business

success. It is closely tied to multiple dimensions of customer interaction, such as engagement, behavior, word-of-mouth communication, intention to revisit, satisfaction, loyalty, and overall business performance (Wang et. al., 2023).

As a result, understanding and improving CX have become essential priorities for businesses seeking to remain competitive and achieve sustainable growth in a rapidly evolving marketplace. In the context of artificial intelligence (AI), "user experience" refers to the overall interaction and satisfaction users derive from engaging with AI applications or systems. It encompasses factors such as usability, effectiveness, efficiency, and the emotional fulfillment users experience when utilizing AI technologies.

User experience also involves subjective perceptions, individual preferences, and emotional responses to AI interactions (Shah et al., 2023). The digital environment, also referred to as the virtual or online service-escape (Ballantyne & Nilsson, 2017), encompasses systems and technologies such as algorithm-based platforms, the internet, Internet of Things (IoT), AI, web services, websites, e-commerce platforms, mobile applications, virtual reality, augmented reality, and blockchain.

For instance, rather than visiting an Ikea store in person, customers can explore products on the company's website or mobile app. They can view relevant items, add them to a virtual shopping cart, and complete their purchase online. Additionally, Ikea's AI-powered mobile app and website integrate augmented reality features to enhance the shopping experience IKEA (2022, July 5). By scanning a room with their smartphone, customers can use the app to remove all existing furniture digitally and generate a panoramic 3D image of the empty space. Using this virtual model, they can drag and drop true-to-scale furniture or items into the room, visualizing how they would appear and fit in the actual environment. This AI functionality provides precise visual representations of the customer's physical spaces, helping them better understand how furniture would integrate into their home. Furthermore, the system offers personalized suggestions and recommendations based on the user's space, preferences, and context, making the shopping experience more tailored and efficient. (Hasan, Weaven, &Thaichon, 2021).

This example establishes that AI significantly enhances customer experience by providing personalized, interactive, and efficient solutions. Through features like augmented reality, as seen in Ikea's AI-enabled app, customers can visualize products in their physical spaces with accuracy, improving decision-making and satisfaction. AI enables virtual shopping experiences

that replicate the convenience of in-store interactions, allowing users to explore, customize, and purchase items without leaving their homes. Additionally, AI-driven systems offer tailored recommendations based on user preferences and contexts, ensuring a more relevant and engaging experience. These capabilities demonstrate AI's potential to transform customer interactions, streamline processes, and build stronger customer relationships.

2.5- Personalization and Recommendation Systems

Modern e-marketing relies heavily on data-driven personalization. Sophisticated algorithms analyze consumer behavior, purchase history, and browsing patterns to deliver tailored product recommendations (Chen & Prentice, 2024). Studies show that personalized suggestions can increase conversion rates by up to 26% and boost average order values by 11% (Big Sur AI, 2024).

2.6- Augmented Reality (AR) and Virtual Try-Ons

AR has emerged as a powerful tool in industries such as fashion and beauty, allowing consumers to visualize products before purchase. For example, virtual makeup try-ons and 3D furniture previews enhance engagement while reducing return rates (Market.us, 2024). Research indicates that brands using AR see a 20% increase in customer interaction (Zipdo, 2024).

2.7- Automation in Customer Service

Automated systems, such as chatbots, have transformed customer support by providing instant responses and resolving issues 44% faster than traditional methods (Zendesk, 2024). These tools improve efficiency while maintaining consistency in service quality.

2.8- Investment Trends and Market Growth

The global market for these technologies is expanding rapidly, with retail investments projected to reach $85 billion by 2032 (Fortune Business Insights, 2024). A significant portion of retailers (64%) plan to increase their spending on these innovations in the next 18 months (NVIDIA, 2024).

Despite these advancements, challenges such as data security, algorithmic bias, and the need for human oversight persist. The following sections explore these issues in greater depth.

3. Literature Review

3.1 AI and Personalization

Personalization is central to customer satisfaction in e-marketing. AI enables personalization by analyzing vast datasets to recommend products, customize emails, and dynamically alter web interfaces (Chaffey, 2020). In beauty and fashion industries,

AI-powered virtual try-ons and skin tone-matching algorithms deliver bespoke solutions that resonate with users (Hasan et al., 2021).

Tulcanaza et al. (2023) assert that personalized experiences foster emotional connections and enhance hedonic consumption.

Customers appreciate being understood and offered products that align with their preferences, leading to deeper brand loyalty. AI facilitates such personalization not only in content but also in timing, channel choice, and format, ensuring messages arrive when most impactful.

3.2- AI-Enabled Service Quality

Service quality refers to the perceived excellence of service delivery, including responsiveness, accuracy, empathy, and reliability. AI improves service quality through features like chatbots for real-time assistance, automated FAQs, AR product previews, and predictive analytics (Nguyen et al., 2022). AI systems offer consistent performance, 24/7 availability, and reduced human error.

AI-enhanced service quality involves improving the efficiency and effectiveness of service delivery through artificial intelligence applications. The effectiveness of AI-enabled services largely depends on the volume and accuracy of the

personal data a brand can gather about its customers. Although much of this data may not be sensitive individually, combining seemingly non-sensitive information can create a more detailed customer profile. AI applications leverage this data to enhance performance, precision, and service quality in areas such as customer interactions, voice or chat assistance, and data analytics. By enabling faster, more accurate responses and delivering tailored solutions, AI significantly improves service delivery and customer satisfaction (Kanapathipillai, et. al., 2024).

Le et al. (2024) observe that AI systems can simulate human service traits while eliminating latency and inefficiency. In retail, for instance, AI enables faster checkout, accurate product search, and intelligent inventory updates. Although human empathy remains irreplaceable in some contexts, AI significantly enhances transactional satisfaction.

3.3- Perceived Convenience

Convenience is defined as the ease and efficiency of accessing and using a service. AI supports convenience through features like voice assistants, self-checkout, location-based services, and proactive notifications (Walch, 2019). These technologies reduce the time and effort required to make purchasing decisions.

Customers increasingly prefer platforms that offer frictionless service journeys. For instance, mobile apps equipped with AI enable users to receive relevant notifications, reorder frequently purchased items, and navigate interfaces more smoothly. According to Kanapathipillai et al. (2024), chatbot assistance and smart recommendation engines are key drivers of convenience.

3.4- Hedonic and Recognition Experiences

AI also enables two important types of experiences: hedonic and recognition-based. Hedonic experiences are pleasurable, emotionally fulfilling, and novel. AI contributes to this by offering engaging content, gamified interfaces, and immersive product simulations (Tulcanaza et al., 2023).

Recognition experiences involve the customer feeling seen and valued. AI systems use historical data to address users by name, recommend products based on prior behavior, and even tailor greetings. These interactions heighten customer satisfaction and loyalty by making consumers feel appreciated and acknowledged.

In today's competitive marketplace, innovation in products and services plays a pivotal role, transforming into significant competitive advantages. Advances in information technology, including artificial intelligence, have strengthened the concept of

customer recognition. AI enables brands to track customers' purchase histories, distinguishing between new and repeat customers and tailoring offerings based on their preferences and consumption patterns. This capability has heightened competition among brands, driving them to innovate further in product and service design.

By integrating customer recognition with AI and technological advancements, businesses not only strengthen their competitive edge but also improve the overall customer experience, creating a mutually beneficial relationship between the brand and its consumers. This trend underscores the growing importance of personalization and innovation in maintaining a strong market position. (Foroudi, et. al., 2018; Tulcanaza, et.al., 2023).

3.5 Application in Fashion and Beauty Industries

Industries like fashion and cosmetics have rapidly adopted AI. Virtual artist apps allow consumers to visualize makeup looks, while fashion retailers use AR to simulate outfits. This technology reduces uncertainty, boosts confidence, and enhances the buying experience.

Market.us (2024) notes that AI-enabled cosmetics markets are projected to exceed $16.4 billion by 2033. This surge is driven by customer demand for tailored beauty solutions,

including shade finders, personalized skincare routines, and product usage tutorials.

3.6 Comparative Industry Insights

In banking, healthcare, and education, AI similarly drives personalization and operational excellence. Tulcanaza-Prieto et al. (2023) found that AI-enabled mobile banking apps in Ecuador improved customer engagement through personalization and convenience. In education, adaptive learning systems tailor course material to individual learners' pace and style.

Across sectors, AI reshapes expectations and encourages users to engage with platforms that understand and serve them intuitively. These trends confirm AI's cross-sector applicability in enhancing customer experience.

4- Research Importance

Understanding the role of advanced technologies in e-marketing is critical for several reasons:

Competitive Advantage: Businesses that adopt these tools gain a significant edge by improving customer satisfaction and operational efficiency.

Consumer Expectations: Modern shoppers demand seamless, personalized experiences, making technological integration essential for retention.

Economic Impact: The rapid growth of this sector presents opportunities for innovation and job creation.

This research contributes to academic and practical knowledge by synthesizing current trends and identifying gaps for future exploration.

5. Managerial Implications

The findings of this study have several implications for marketers and businesses:

Strategic Implementation: Companies should prioritize technologies that align with their customer base. For example, AR is particularly effective in fashion and beauty, while recommendation systems benefit e-commerce platforms. Ethical Considerations: Transparency in data usage and algorithmic decision-making is crucial to maintaining consumer trust. Businesses must implement robust security measures to protect customer information. Organizations should allocate resources toward training and development to maximize the potential of these technologies. Collaboration with tech providers can also enhance innovation.

Retailers should prioritize AI investments that enhance real-time personalization and reduce friction in user journeys. Platforms must be intuitive, responsive, and adaptive, integrating AI with UX design to create seamless experiences.

Training marketing teams to leverage AI-driven insights can also improve campaign performance. For instance, using AI to segment audiences based on behavioral patterns enables more precise targeting. Additionally, combining AR and AI in product visualization tools reduces product returns and increases customer satisfaction.

Finally, emotional value should be incorporated into AI strategies. Features that recognize returning users, personalize greetings, and recommend based on mood or sentiment can yield strong relational benefits.

4. Discussion

The interplay between AI tools and customer experience reveals multiple themes. Firstly, personalization is no longer optional; it is a baseline expectation. Brands that deploy AI to customize messages and products enjoy better engagement and conversions. Secondly, convenience translates directly to loyalty. AI features that simplify navigation and decision-making are favored by digital shoppers.

Thirdly, AI's capacity to deliver service quality lies in its consistency and availability. Chatbots never tire, predictive engines never sleep, and virtual assistants continuously learn. Yet, human input remains valuable in emotional contexts and complex problem-solving.

Moreover, AI enriches emotional dimensions of consumption. Through hedonic and recognition experiences, customers derive pleasure, validation, and a sense of importance, elevating their relationship with the brand.

While the digital revolution once focused on access, the AI revolution focuses on meaning—how deeply a system can understand and fulfill a customer's desires.

6. Conclusion

AI has redefined customer expectations in the digital marketplace. Its power lies not just in automation but in its ability to understand, anticipate, and enrich customer experiences. This qualitative exploration underscores that AI, when centered on personalization, convenience, and service quality, transforms how consumers interact with brands.

The journey from transactional to relational marketing is accelerated by AI's potential to deliver pleasure, recognition, and seamless service. As industries continue to integrate intelligent systems, the focus should remain on enhancing customer meaning—not merely minimizing effort.

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